



U.S. Trade and Development Agency Feasibility Study Proposal Model Format

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Introduction

The U.S. Trade and Development Agency (USUSTDA) provides grant funding for studies to determine the technical, economic, and financial feasibility of major infrastructure and industrial projects in developing and middle income countries. USTDA funds feasibility studies, conducted by U.S. companies, to get the U.S. private sector in on the ground floor of projects that have the potential for generating significant exports of U.S. goods and services.

Historically, most USTDA projects have involved public sector undertakings, planned and implemented by government ministries or agencies. Increasingly, however, developing and middle income countries have begun to promote private sector involvement in major infrastructure and industrial projects. Consequently, USTDA now provides funding for studies on both public and private sector projects.

We recommend that you familiarize yourself with USTDA's mission and funding criteria, and discuss your project with a USTDA representative prior to preparing a written proposal. The USTDA Website (<http://www.TDA.gov>) has a significant amount of information that will assist interested companies. Additional resource information on USTDA past activities and current events can be obtained by contacting USTDA's Information Resource Center at (703) 875-4357.

After becoming knowledgeable about USTDA, you should call the appropriate Regional Director or Country Manager to informally discuss your proposal. Assuming there is a mutuality of interest, it would be helpful to then provide the USTDA contact with a brief (2-3 page) outline of the proposal. If, after review of the informal outline, the regional staff encourages you to proceed, you

should prepare a proposal using the model format for feasibility study proposals.

USTDA Operating Procedures

To initiate USTDA consideration of a project, a request for assistance must be made directly to USTDA by the appropriate host country project sponsor (government or private sector). In cases where a specific U.S. company has been identified by the project sponsor as its partner or preferred supplier on the project, that U.S. company must submit a detailed proposal to USTDA, based on the outline provided below.

If, based on USTDA's preliminary review of the proposal, a project appears promising, USTDA may hire its own technical consultant to review the project, through what is called a **Desk Study**. A Desk Study is a review of the proposal to ascertain whether the project appears viable and meets the following basic USTDA funding criteria:

- (1) the project will have a positive developmental impact on the host country;*
- (2) financing for project implementation is available or likely to be available if the feasibility study confirms project viability;*
- (3) the potential for U.S. exports during project implementation is significant; and*
- (4) USTDA has a facilitative role to play, such as overcoming subsidized foreign competition.*

The Desk Study also reviews the proposal to ascertain the potential environmental impact of a project; USTDA will not support a project that will have a negative environmental impact. Similarly, the Desk Study assesses the potential effect of the project on U.S. labor, since USTDA will not approve a project that is likely to result in the export of U.S. jobs. Other major tasks of the

Desk Study are to carefully evaluate the appropriateness of the Terms of Reference and budget for the feasibility study and confirm that the technology involved in the proposed project is commercially proven. USTDA does not support projects involving non-commercially proven technology.

In some cases, particularly for public sector projects, USTDA may not have sufficient information available from a proposal to evaluate a project through a Desk Study. In these situations, the Agency may commission a Definitional Mission (DM), which involves a technical consultant traveling to the host country to develop more information on the project. The purpose of a DM, like that of a Desk Study, is to determine whether a project meets USTDA funding criteria.

Based on the results of the Desk Study or DM, USTDA will decide whether to support the project. If USTDA approves funding for a feasibility study, it signs a **Grant Agreement** with the host country project sponsor (**the Grantee**); the Grantee then signs a contract with the U.S. company it has selected to conduct the study (typically, the company that has submitted the proposal). Both the Grant Agreement and the contract contain the Terms of Reference as attachments.

While the Grant Agreement is signed by USTDA and the Grantee, no funds are actually transferred to the Grantee. Instead, the U.S. contractor conducts work under its contract with the Grantee and submits its invoices to the Grantee, who, if satisfied with the work, approves the invoices and forwards them to USTDA. USTDA then pays the contractor directly in the United States.

Because of the high demand for USTDA funding, not all projects that meet USTDA funding criteria can be supported. Furthermore, specific funding criteria may vary from geographical region to region and from sector to sector. For example, in some regions, there may be a minimum threshold of potential U.S. exports for a project to qualify. Therefore, companies interested in USTDA

support should consult with the relevant USTDA regional staff before submitting a proposal.

General Proposal Guidelines

Feasibility study proposals submitted to USTDA by U.S. companies **must** follow the model format set forth below. Proposals that do not fully address each item will **not** be considered for funding.

Definitions. As used below:

“*study*” means the feasibility study for which USTDA funding is being sought;

“*Project*” means the actual project to be implemented at the conclusion of the feasibility study;

“*Project sponsor*” is the host country entity that will have responsibility for implementing the project; and

“*Proposer*” or “*company*” is the U.S. company submitting the proposal to USTDA.

Nationality. USTDA funding is intended for services sourced in the United States. However, up to 20% of the USTDA funding may be subcontracted by the feasibility study contractor to host country organizations. Proposals must clearly identify the nationality of individuals and companies who will actually conduct the feasibility study.

Cost-Sharing and Reimbursement. In most cases, USTDA requires cost-sharing, i.e., USTDA only partially covers the cost of the feasibility study, with the remainder of the cost being borne by the company and/or by the project sponsor. USTDA’s contribution varies according to a number of factors, including the size of the company, the costs the company has incurred in developing the project, and the risks associated with the project. In addition, USTDA usually requires the company to reimburse part or all of USTDA’s funding if the project is implemented and the company achieves substantial economic benefit. These commitments are included in a letter agreement between USTDA and the company.

Copies. A minimum of six copies of the proposal must be submitted to USTDA. In addition, an electronic version (as an e-mail attachment or on a disk) must be provided. If the proposal contains confidential commercial information, it should be so marked.

Proposal Outline

A. Executive Summary (1-3 pages). A concise summary of the proposal, including the specific objective of the feasibility study.

B. Project Description (3-6 pages). A brief description and history of the project, including, among other things, host country and/or other project sponsors, sector, project location, source of raw materials, infrastructure requirements, proposed technological approach, legal and regulatory framework (licenses, permits, etc.), implementation schedule, and economic fundamentals (estimated capital cost, operating costs, interest expense, taxes, expected revenues, etc.).

C. Developmental Impact (1-2 pages). A statement on the developmental impact of the project.

D. Project Sponsor's Commitment (1-2 pages). Demonstration of the project sponsor's commitment to implementation of the project and ability to implement the project.

E. Implementation Financing (2-4 pages). A discussion of financing options for project implementation, including:

(1) An overall cost estimate, proposed ownership and financing structure, and schedule for project implementation; and

(2) Evidence that financing is available or likely to be available for the project, including a description of discussions with representatives of potential lenders and, if the project is host-country financed or guaranteed, representatives of the appropriate host country financing authority. Provide names and phone

numbers of contacts, and summarize their comments.

For projects involving U.S. equity investment, the following additional information must be provided:

(1) A complete set of audited financial statements from the U.S. investor for the past three years which show evidence of an operation with a solid financial structure and cash flow and a net worth sufficiently large to assure the availability of the equity required for the project; and

(2) Evidence of a debt-equity structure for financing the project that corresponds to the requirements of the most likely source of implementation financing. Sources of equity should be identified, and letters of intent/commitment from investors should be provided.

In the event that any of the requested additional information or documentation is not available, an explanation of why it cannot be provided.

F. U.S. Export Potential (1-2 pages). A best estimate of the U.S. export potential of the project, including an estimate, by category and dollar value, of the U.S. goods and services that might be procured for project implementation and an illustrative list of potential U.S. suppliers of the goods and services for each category with contact names and telephone numbers.

G. Foreign Competition (1 page). A description of the foreign competition for the goods and services likely to be procured for project implementation by category, including a discussion of U.S. industry competitiveness in each category, taking into account geographic factors, local industry capabilities, technology and licensee issues, past procurement tendencies of

the project sponsor, and how the procurement is likely to be conducted.

H. Impact on the Environment (1 page). A statement on the likely consequences the proposed project might have on the environment. The Terms of Reference for the feasibility study must include, at a minimum, a preliminary review of the project's impact on the environment, with reference to local requirements and those of potential lending agencies. The feasibility study should identify potential negative impacts and discuss the extent to which they can be minimized.

I. Impact on U.S. Labor (1 page). A statement regarding the impact of the project on U.S. labor that addresses the legislative prohibitions on the use of Foreign Assistance funds listed in Annex 1 (see attachment).

J. Qualifications (1-2 pages). Relevant background on the proposer or company, including audited financial statements for the past three years, and the qualifications and experience of the feasibility study team members. (Note that all team members must comply with USTDA's nationality requirements set forth in Annex II on the attached pages.)

K. Justification (1 page). An explanation of why USTDA's funding is needed.

L. Terms of Reference (1-3 pages). Detailed terms of reference and schedule for the feasibility study. The terms of reference must include, at a minimum:

- (1) A technical analysis of the project;
- (2) An economic analysis of the project;
- (3) A financial analysis of the project;
- (4) An appropriate environmental analysis of the project;
- (5) A review of regulatory issues;
- (6) A list of proposed goods and services for project implementation, including a list of

U.S. sources of supply (company names and contact information);

(7) An implementation plan (anticipated next steps necessary to implement the project); and

(8) A Final Report that summarizes the findings of the study and/or other appropriate deliverables.

The Terms of Reference must be designed to meet the requirements of the most likely source(s) of implementation financing. The requirements of some of the potential financing sources may be found at the following web sites:

www.opic.gov;
www.exim.gov;
www.ifc.org/proserv;
www.adb.org/PrivateSector/operations.asp;
www.ebrd.com/apply/index.htm;
www.iadb.org/iic/english; and
www.afdb.org.

M. Budget (2-3 pages). A detailed budget and task breakdown for the feasibility study prepared in accordance with the Feasibility Study Budget Format and Budgeted Labor Requirements in Annex III. The budget should be supported with sufficient detail to enable USTDA staff or others reviewing the material to understand completely, not only the budgeted amounts, but also the methodology which justifies the budget amounts.

The budget should include:

(1) Labor, budgeted by position title and task for each of the positions on the feasibility study team. Positions should be identifiable, with descriptions of the positions and proposed team members included in the proposal. Person-Days should reflect the proposed number of days of work effort proposed for each position for each task. The unit cost should be the actual loaded daily rate for each position. The proposed budget may not include fee or profit.

(2) Itemization for per diem, transportation, communications, subcontracts, translation of Final Report, and other direct costs. Per diem must be based on U.S. Government rates,

available on the State Department web site
(www.state.gov/www/perdiems/index.html).

The budget should support the feasibility
study Terms of Reference.

ANNEX I

Impact on U.S. Labor Statement

The Foreign Operations, Export Financing and Related Programs Appropriations legislation restricts U.S. foreign assistance from being used to provide: (a) any financial incentive to a business enterprise currently located in the United States for the purpose of inducing such an enterprise to relocate outside the United States if such incentive or inducement is likely to reduce the number of employees of such business enterprise in the United States because United States production is being replaced by such enterprise outside the United States; (b) assistance for the purpose of establishing or developing in a foreign country any export processing zone or designated area in which the tax, tariff, labor, environment, and safety laws of that country do not apply, in part or in whole, to activities carried out within that zone or area; (c) assistance for any project or activity that contributes to the violation of internationally recognized workers rights; and (d) direct assistance for establishing or expanding production of any commodity for export by any country other than the United States, if the commodity is likely to be in surplus on world markets at the time the resulting productive capacity is expected to become operative and if the assistance will cause substantial injury to United States producers of the same, similar, or competing commodity.

ANNEX II

USTDA Nationality Requirements

The purpose of USTDA's nationality, source, and origin requirements is to assure the maximum practicable participation of American contractors, technology, equipment and materials in the prefeasibility, feasibility, and implementation stages of a project.

USTDA STANDARD RULE (GRANT AGREEMENT STANDARD LANGUAGE):

Except as USTDA may otherwise agree, the following provisions shall govern the delivery of goods and services funded by USTDA under this Grant Agreement: (a) for professional services, the Contractor must be either a U.S. firm or U.S. consultant; (b) the Contractor may use U.S. subcontractors without limitation, but the use of subcontractors from host country may not exceed twenty percent (20%) of the USTDA Grant amount and may only be used for specific services from the Terms of Reference identified in the subcontract; (c) employees of U.S. Contractor or U.S. subcontractor firms responsible for professional services shall be U.S. citizens or non-U.S. citizens lawfully admitted for permanent residence in the U.S.; (d) goods purchased for implementation of the Study and associated delivery services (e.g., international transportation and insurance) must have their nationality, source and origin in the United States; and (e) goods and services incidental to Study support (e.g., lodging, food, and transportation) in host country are not subject to the above restrictions. USTDA will make available further details concerning these standards of eligibility upon request.

NATIONALITY:

1) Rule

Except as USTDA may otherwise agree, the Contractor for USTDA funded activities must be either a U.S. firm or a U.S. consultant. Prime contractors may utilize U.S. subcontractors, but the use of host country subcontractors is limited to 20% of the USTDA grant amount.

2) Application

Accordingly, only a U.S. firm or U.S. consultant may submit proposals on USTDA funded activities. Although those proposals may include subcontracting arrangements with host country firms or individuals for up to 20% of the USTDA grant amount, they may not include subcontracts with third country entities. U.S. firms submitting proposals must ensure that the professional services funded by the USTDA grant, to the extent not subcontracted to host country entities, are supplied by employees of the firm or employees of U.S. subcontractor firms who are U.S. individuals.

Interested U.S. firms and consultants who submit proposals must meet USTDA nationality requirements as of the due date for the submission of proposals and, if selected, must continue to meet such requirements throughout the duration of the USTDA-financed activity. These nationality provisions apply to whatever portion of the Terms of Reference is funded with the USTDA grant.

3) Definitions

A "U.S. individual" is (a) a U.S. citizen, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder).

A "U.S. consultant" is (a) a U.S. citizen whose principal place of business is in the United States, or (b) a non-U.S. citizen lawfully admitted for permanent residence in the U.S. (a green card holder) whose principal place of business is in the U.S.

A "U.S. firm" is a privately owned firm which is incorporated in the U.S., with its principal place of business in the U.S., and which is either (a) more than 50% owned by U.S. individuals, or (b) has been incorporated in the U.S. for more than three (3) years prior to the issuance date of the request for proposals; has performed similar services in the U.S. for that three (3) year period; employs U.S. citizens in more than half of its permanent full-time positions in the U.S.; and has the existing capability in the U.S. to perform the work in question.

A partnership, organized in the U.S. with its principal place of business in the U.S., may also qualify as a "U.S. firm" as would a joint venture organized or incorporated in the United States consisting entirely of U.S. firms and/or U.S. individuals.

A nonprofit organization, such as an educational institution, foundation, or association may also qualify as a "U.S. firm" if it is incorporated in the United States and managed by a governing body, a majority of whose members are U.S. individuals.

SOURCE AND ORIGIN:

1) Rule

In addition to the nationality requirement stated above, any goods (e.g., equipment and materials) and services related to their shipment (e.g., international transportation and insurance) funded under the USTDA Grant Agreement must have their source and origin in the United States, unless USTDA otherwise agrees. However, necessary purchases of goods and project support services which, are unavailable from a U.S. source (e.g., local food, housing and transportation) are eligible without specific USTDA approval.

2) Application

Accordingly, the prime contractor must be able to demonstrate that all goods and services purchased in the host country to carry out the Terms of Reference for a USTDA Grant Agreement that were not of U.S. source and origin were unavailable in the United States.

3) Definitions

"Source" means the country from which shipment is made.

"Origin" means the place of production, through manufacturing, assembly or otherwise.

Questions regarding these nationality, source and origin requirements may be addressed to the USTDA Office of General Counsel. USTDA may consider justified exceptions to the nationality rule.

ANNEX III

Feasibility Study Budget Format

Labor (Loaded Rate)

	<u>Person-Days</u>	x <u>Unit Cost</u>	= <u>Total Cost</u>	
(Position)	_____	_____	_____	
(Position)	_____	_____	_____	
(Position)	_____	_____	_____	
Total	_____			_____

Other Direct Costs

Travel

Transportation	__trips@	_____	_____	
Per Diem	__days@	_____	_____	
Other (specify)			_____	
Total				_____

Subcontracts (specify, e.g., interpreters, legal, accounting, etc.)

U.S. Subcontracts

Host Country Subcontracts

Total

Other Costs (specify, e.g., communications, printing, etc.)

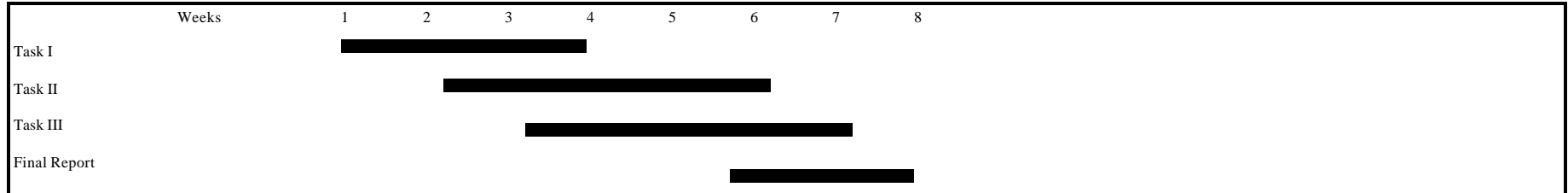
Item _____

Total

Total Costs

Budgeted Labor Requirements

Task Completion Schedule



Instructions

List each major task to be performed. The duration of each task is to be graphically represented. For example, in the illustrative schedule, Task 1 is to begin in Week 1 and end in Week 4. Preparation of the Final Report begins in Week 6 and is completed in Week 8.

Staffing By Task

Person Weeks

<u>TASK</u>	Project Manager	Process Eng.	Profes. Engineer	Engineer	Support	Environ. Engineer	Market Analyst	Financial Planner	Trade Specialist	TOTAL WEEKS BY TASK
Conduct Marketing Study	2.00				2.00		10.00			14.00
Develop Preliminary Design	6.00	10.00		4.00	6.00					26.00
Develop Final Refinery Design	4.00	16.00	4.00	10.00	4.00					38.00
Conduct Site Investigation & EIA			4.00	2.00		16.00				22.00
Assist with Crude Supply									2.00	2.00
Assist with Offtake Agreements									4.00	4.00
Prepare Economic Models								8.00		8.00
Prepare Interim Reports	4.00				4.00					8.00
Prepare Final Report	4.00	4.00	4.00	4.00	4.00	8.00				28.00
TOTAL WEEKS PER PERSON	20.00	30.00	12.00	20.00	20.00	24.00	10.00	8.00	6.00	150.00

Instructions

List the tasks to be performed in the left column and the job title or specialty of each person working on the study across the top row. Indicate the number of work weeks each person will be working on each task. Total up the work weeks for each person and for each task. Above is a task staffing breakdown for a refinery project, which may serve as a model.